

## Message Text

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INFO OCT-01 EA-06 NEA-09 ISO-00 FTC-01 TAR-01 XMB-02

AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07

IO-10 NSAE-00 RSC-01 OPIC-03 SP-02 TRSE-00 CIEP-01

LAB-04 SIL-01 OMB-01 AEC-05 DODE-00 FPC-01 H-01

INT-05 L-02 NSC-05 PM-03 SAM-01 OES-03 SS-15 STR-01

FEA-01 PA-01 PRS-01 USIA-06 /129 W

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R 080214Z FEB 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5364

INFO AMEMBASSY BERN

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LONDON

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AMEMBASSY ROME

AMEMBASSY TEHRAN

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AMEMBASSY OTTAWA

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 03464

PASS TREASURY FOR BENNETT

TEHERAN FOR PARSKY

E.O. 11652: GDS

TAGS: EINV, EFIN, OECD

SUBJECT: PROCEDURES FOR OECD DISCUSSION OF ISSUES  
REGARDING INVESTMENT BY OIL PRODUCING COUNTRIES

REF: A) STATE 26971, B) OECD PARIS 3319, C) OECD

PARIS 2404, D) OECD PARIS 3320, E) OECD PARIS

2806

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1. SUMMARY. IN SEPARATE CONVERSATIONS, ENDERS AND PARSKY, ACCOMPANIED BY MISSION PERSONNEL, DISCUSSED PROCEDURES FOR HANDLING ISSUES RELATED TO OPEC INVESTMENT WITH VAN LENNEP. IN THESE MEETINGS VAN LENNEP OUTLINED HIS IDEAS FOR HANDLING INVESTMENT WHICH ENVISION (A) PRELIMINARY DISCUSSION AT XCSS RESTRICTED MEETING PLANNED FOR FEBRUARY 20; (B) HANDLING OF ISSUES RELATING TO REGULATION OF OPEC INVESTMENTS IN NEW INVESTMENT COMMITTEE; (C) HANDLING OF ASPECTS MORE CLOSELY RELATED TO FINANCIAL AND MONETARY RECYCLING (I.E., POSSIBLE INVESTMENT FUND OR OTHER NEW VEHICLE) IN VAN YPERSELE GROUP WHICH WOULD BE CONTINUED, BUT AFTER IT WAS DETERMINED WHEN WORK IN SOLIDARITY FUND FINISHED, AND (D) POSSIBILITY WOULD BE LEFT OPEN FOR POLITICAL DISCUSSION OF THESE ISSUES IN PLENARY MEETINGS OF XCSS. QUESTION OF HOW NEW AD HOC FINANCIAL GROUP CREATED WITHIN IEA WOULD RELATE TO BROADER WORK UNDERTAKEN IN OECD-WIDE CONTEXT ALSO MENTIONED. END SUMMARY.

2. IN SEPARATE CONVERSATIONS, ENDERS AND PARSKY DISCUSSED WITH SECGEN VAN LENNEP QUESTION OF HANDLING OF ISSUES RELATING TO OPEC INVESTMENTS IN OECD. VAN LENNEP OUTLINED HIS THOUGHTS ON WHAT PROCEDURES SHOULD BE FOLLOWED FOR TAKING UP THESE ISSUES WITHIN OECD. BASICALLY VAN LENNEP ENVISIONS SCENARIO AND ASSIGNMENTS AS FOLLOWS:

A) THERE WOULD BE AN EXCHANGE OF VIEWS ON THIS SUBJECT DURING RESTRICTED XCSS MEETING PLANNED FOR FEBRUARY 20 (AS ALREADY CONTEMPLATED ALONG LINES REPORTED REFTEL C).

B) ANALYSIS AND DEVELOPMENT OF POSSIBLE POLICIES ON QUESTIONS REGARDING REGULATORY TREATMENT OF INVESTMENT BY OIL PRODUCING COUNTRIES IN OECD COUNTRIES WOULD TAKE PLACE IN NEW INVESTMENT COMMITTEE (REFTEL D) WHICH WILL HAVE ITS FIRST MEETING ON MARCH 3 AND 4 (REFTEL E). WHILE OPEC INVESTMENT ISSUE DOES NOT NOW FIGURE ON AGENDA OF INVESTMENT COMMITTEE, VAN LENNEP BELIEVES, ASSUMING THERE IS SUFFICIENT CONSENSUS AMONG LARGE COUNTRIES AS REFLECTED IN FEBRUARY 20 MEETING, NEW  
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INVESTMENT COMMITTEE COULD BE SEIZED WITH THIS SUBJECT AFTER CONTACTS WITH CHAIRMAN OF NEW COMMITTEE (FRAU STEEG). VAN LENNEP WOULD PROBABLY INFORM OECD COUNCIL OR HEADS OF DELEGATIONS BEFOREHAND.

C) ANALYSIS AND DEVELOPMENT OF POSSIBLE PROPOSALS RELATING TO THOSE PARTS OF OPEC INVESTMENT ISSUE WHICH MOST CLOSELY LINKED WITH MONETARY AND

RECYCLING QUESTIONS (PARTICULARLY INCLUDING POSSIBLE COOPERATIVE INVESTMENT FUND OR OTHER NEW INVESTMENT VEHICLE) WOULD BE HANDLED BY AD HOC GROUP HEADED BY VAN YPERSELE WHICH CURRENTLY DEVELOPING SOLIDARITY FUND AGREEMENT. FOR THIS PURPOSE, VAN YPERSELE GROUP WOULD HAVE TO BE GRANTED NEW MANDATE BY OECD COUNCIL, BUT THIS WOULD NOT BE DONE UNTIL CLEAR THAT GROUP HAS COMPLETED ITS PRESENT TASKS ON SOLIDARITY FUND.

D) PLENARY MEETINGS OF XCSS (NEXT MEETING IS TENTATIVELY SCHEDULED FOR MARCH 11-12) WOULD BE LEFT OPEN FOR POSSIBLE POLITICAL DISCUSSION OF OPEC INVESTMENT ISSUES SO AS TO GIVE OPPORTUNITIES TO COUNTRIES THAT WISH TO DO SO TO GIVE THEIR VIEWS IN THIS FORUM.

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3. WE MADE CLEAR TO VAN LENNEP (ALONG LINES REFTEL A), U.S. VIEW THAT ANY AGENDA WHICH WOULD BE UNDERSTOOD TO BE MAINLY ADDRESSED TO OPEC INVESTMENT ISSUES SHOULD NEVERTHELESS BE FRAMED IN BROADER TERMS. ENDERS NOTED AGREEMENT WITH THE APPROACH THAT VARIOUS ASPECTS OF INVESTMENT PROBLEM WOULD NEED TO BE HANDLED IN DIVERSE FORUMS IN OECD INCLUDING SOME USE OF XCSS, INVESTMENT COMMITTEE, VAN YPERSELE GROUP AND NEW AD HOC  
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GROUP WITHIN IEA. BOTH ENDERS AND PARSKY NOTED THAT THERE WAS NO AGREEMENT IN THE US GOVERNMENT ON WHAT THE ROLE OF THE XCSS SHOULD BE ON THESE SUBJECTS BEYOND THE FEBRUARY 20 RESTRICTED MEETING. PARSKY ALSO TOLD VAN LENNEP THAT THE US HOPED BY THE TIME OF THE FEBRUARY 20 MEETING TO HAVE DETERMINED THE NATURE OF THE US REPRESENTATION ON THE NEW INVESTMENT COMMITTEE AND THIS WILL BE HELPFUL IN CRYSTALLIZING OUR APPROACH.

4. SINCE PARSKY MEETING WITH VAN LENNEP TOOK PLACE AFTER CREATION BY IEA OF AD HOC FINANCIAL GROUP CHAIRED BY PARSKY (SEE SEPARATE REPORTING TELEGRAMS ON IEA MEETINGS) HE ALSO TOUCHED ON ROLE OF THIS GROUP WITH RESPECT TO INVESTMENT. VAN LENNEP EXPRESSED HIS SATISFACTION WITH WAY THAT PARSKY INTERPRETED MANDATE OF IEA'S FINANCIAL GROUP TO THE EFFECT THAT THIS GROUP WOULD EXPECT TO DRAW ON WORK DEVELOPED IN OECD-WIDE FORUMS AND WOULD NOT INTEND TO DUPLICATE SUCH OTHER OECD ACTIVITIES. ON INVESTMENT QUESTIONS, PARSKY INDICATED THAT IEA'S AD HOC GROUP SPECIFICALLY EXPECTING TO OBTAIN BASIC ANALYTICAL INPUT FROM OECD COMMITTEES AND WOULD THEN ADAPT IT TO EXTENT APPROPRIATE FOR PURPOSES OF FORMULATING POSITIONS TO BE TAKEN DURING PRODUCER-CONSUMER DIALOGUE.  
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